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Sectoral policy questions

Report of the Second Committee

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I. Introduction

1. At its 3rd plenary meeting, on 15 September 1998, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-third session the item entitled:

"Sectoral policy questions:

"(a) Business and development;

"(b) Industrial development cooperation"

and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 11th, 17th and 40th meetings, on 13 and 20 October and on 24 November 1998. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/53/SR.11, 17 and 40). Attention is also drawn to the general debate held by the Committee at its 3rd to 7th meetings, on 6, 8 and 9 October (see A/C.2/53/SR.3–7).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Report of the Secretary-General entitled "Promotion and maintenance of the rule of law: action against corruption and bribery" (A/53/384);

(b) Note by the Secretary-General transmitting the report of the Director-General of the United Nations Industrial Development Organization entitled "Industrial development policy: concepts and experience" (A/53/254).

4. At the 11th meeting, on 13 October, introductory statements on sub-items (a) and (b) were made by the Assistant Director for United Nations Affairs and Special Representative of the Director-General of the United Nations Industrial Development Organization to the

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United Nations System, and the Chief of the Public Policy Analysis and Development Branch of the Department of Economic and Social Affairs (see A/C.2/53/SR.11).

II. Consideration of proposals

A. Draft resolution A/C.2/53/L.7 and Rev.1

5. At the 17th meeting, on 20 October, the representative of the United States of America, on behalf of *Argentina, Bulgaria, Canada, Mexico, Nicaragua*, the *Russian Federation, Ukraine*, the *United States of America, Uruguay* and *Venezuela*, introduced a draft resolution entitled "Action against corruption and bribery" (A/C.2/53/L.7), which read:

"*The General Assembly*,

"*Recalling* its resolution 3514 (XXX) of 15 December 1975, in which it, *inter alia*, condemned all corrupt practices, including bribery, in international commercial transactions, reaffirmed the right of any State to adopt legislation and to investigate and take appropriate legal action, in accordance with its national laws and regulations, against such corrupt practices and called upon all Governments to cooperate to prevent corrupt practices, including bribery,

"*Concerned* about the seriousness of problems posed by corruption, which may endanger the stability and security of societies, undermine the values of democracy and morality and jeopardize social, economic and political development,

"*Disturbed* by the bribery of public officials by individuals and enterprises of other States in relation to international commercial transactions,

"*Recalling* its resolution 51/191 of 16 December 1996, by which it adopted the United Nations Declaration against Corruption and Bribery in International Commercial Transactions, its resolution 52/87 of 12 December 1997, by which it called for further measures to implement the Declaration, and its resolution 51/59 of 12 December 1996 in which it adopted the International Code of Conduct for Public Officials,

"1. *Welcomes* recent multilateral initiatives to combat corruption, including *inter alia*, the Inter-American Convention against Corruption, the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Dakar Declaration on the Prevention and Control of Organized Transnational Crime and Corruption, the Manila Declaration on the Prevention and Control of Organized Transnational Crime and Corruption, the Convention on the fight against corruption involving officials of the European Communities or officials of member States of the European Union, and recommendation 32 of the recommendations elaborated and endorsed by the Senior Experts Group on Transnational Organized Crime, which met at Lyon, France from 27 to 29 June 1996;

"2. *Takes note with appreciation* of the report of the Secretary-General on promotion and maintenance of the rule of law: action against corruption and bribery, submitted to the Commission on Crime Prevention and Criminal Justice at its seventh session;[1]

[1] E/CN.15/1998/3.

"3. *Commends* the work of the Commission on Crime Prevention and Criminal Justice in combating corruption and bribery, including the convening of an open-ended meeting of governmental experts, and looks forward to the results of the further work of the Commission at its ninth session;

"4. *Calls upon Member States* to take all possible measures to further the implementation of the United Nations Declaration against Corruption and Bribery in International Commercial Transactions and relevant international declarations and to ratify, where appropriate, international instruments against corruption;

"5. *Requests* the United Nations Conference on Trade and Development, the regional commissions, the funds and programmes of the United Nations and the specialized agencies, within their respective mandates, to assist Member States, at their request, in implementing relevant conventions, declarations and instruments as well as national programmes to combat corruption and bribery;

"6. *Requests* the Secretary-General to report to the General Assembly at its fifty-fifth session on measures taken by Member States, regional organizations, non-governmental organizations and the United Nations system to implement the present resolution."

6. At the 40th meeting, on 24 November, the Vice-Chairman of the Committee, Mr. Burak Özügergin (Turkey), informed the Committee of the outcome of the informal consultations held on draft resolution A/C.2/53/L.7 and drew the Committee's attention to a revised draft resolution entitled "Action against corruption and bribery in international commercial transactions" (A/C.2/53/L.7/Rev.1), submitted by the sponsors of draft resolution A/C.2/53/L.7 and *Armenia, Australia, Austria* (on behalf of the States Members of the United Nations that are members of the European Union), *Brazil, Bolivia, Chile, Colombia, Costa Rica, Côte d'Ivoire, Croatia*, the *Czech Republic, Equatorial Guinea, Georgia*, the *Islamic Republic of Iran, Kazakhstan, Kyrgyzstan, Japan, Paraguay, Peru, Poland, Romania, South Africa* and *Thailand*.

7. At the same meeting, the Committee adopted draft resolution A/C.2/53/L.7/Rev.1 (see para. 14, draft resolution I).

8. After the adoption of the draft resolution, the representative of Venezuela made a statement (see A/C.2/53/SR.40).

B. Draft resolutions A/C.2/53/L.6 and A/C.2/53/L.41

9. At the 17th meeting, on 20 October, the representative of *Indonesia*, on behalf of the States Members of the United Nations that are members of the Group of 77 and *China*, introduced a draft resolution entitled "Industrial development cooperation" (A/C.2/53/L.6), which read:

"*Recalling* its resolutions 46/151 of 18 December 1991, 49/108 of 19 December 1994 and 51/170 of 16 December 1996 on industrial development cooperation,

"*Taking note* of the Declaration adopted by the Ministers for Foreign Affairs of the Group of 77 and China at the twenty-second annual Meeting of Ministers for Foreign Affairs of the Group of 77, held in New York on 25 September 1998, on the

relevance of industrialization for development and the importance of international cooperation to support the developing countries in this field,[2]

"*Recognizing* the increasing role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector,

"*Taking note* of the report of the Secretary-General,

"1. *Reaffirms* that industrialization is a key element in the promotion of the sustainable development of developing countries, as well as in the creation of productive employment, the eradication of poverty and facilitating social integration, including the integration of women into the development process;

"2. *Stresses* the importance of domestic industrial transformation in developing countries in order to increase the value-added of their exports earnings with a view to benefiting fully from the process of globalization and trade liberalization;

"3. *Emphasizes* the importance of industrial development cooperation and a positive investment and business climate at the international, regional, subregional and national levels, in promoting the expansion, diversification and modernization of productive capacities in developing countries;

"4. *Also emphasizes* the importance of a favourable international and national environment for the industrialization of developing countries, and urges all Governments to adopt and implement development policies and strategies that promote, *inter alia*, enterprise development, foreign direct investment, technological adaptation and innovation, expanded access to markets and the effective use of official development assistance to enable developing countries to enhance an environment attractive to investment so as to augment and supplement domestic resources for the expansion, diversification and modernization of their industrial productive capacity in the context of an open, equitable, non-discriminatory, transparent, multilateral and rule-based international trading system;

"5. *Reiterates* the importance of the transfer of technology to the developing countries as an effective means of international cooperation in the field of industrial development;

"6. *Recognizes* the continuing use of official development assistance also for industrial development in the developing countries, and calls upon donor countries and the recipient countries to continue to cooperate in their efforts to achieve greater efficiency and effectiveness of official development assistance resources devoted to industrial development cooperation;

"7. *Welcomes* the use of innovative funding modalities, including, *inter alia*, co-financing schemes and trust funds, debt-equity swaps, as appropriate, other debt relief measures, industrial joint venture schemes, enterprise-to-enterprise cooperation and venture capital funds for industrial development, in particular in the developing countries;

"8. *Reaffirms* the central coordinating role played by the United Nations Industrial Development Organization in the United Nations system in the industrial development of developing countries and welcomes its continuing efforts of structural transformation and revitalization in a changing economic world;

[2] A/53/466, annex.

"9. *Calls upon* the international community and the relevant bodies and organizations of the United Nations system, in particular the United Nations Industrial Development Organization, to support the efforts of the developing countries to intensify and expand industrial cooperation among themselves with respect to, *inter alia*, trade in manufactured products, industrial investments and business partnerships, as well as industrial technology and scientific exchanges;

"10. *Requests* the United Nations Industrial Development Organization, in cooperation with the relevant organizations of the United Nations system, to undertake an in-depth assessment and further analysis of best practices in the area of industrial policies and strategies and of lessons learned in industrial development, taking into account the financial crisis and the impact of globalization on the industrial structure of the developing countries, so as to support and boost cooperation among developing countries through the provision of practical insights and ideas for international industrial development cooperation and for economic and technical cooperation among developing countries;

"11. *Emphasizes* the importance of financing for industrial development, including the use of official development assistance, innovative funding modalities and market-based mechanisms and instruments for the industrial development of the developing countries and, in this regard, requests relevant entities of the United Nations system, including the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development, in the context of their strategic partnership, to intensify their efforts to mobilize resources for the industrial development of the developing countries, especially by means of investment promotion activities, the development of small and medium-sized enterprises and various forms of business partnerships involving both local and foreign enterprises;

"12. *Welcomes* the integrated approach of the United Nations Industrial Development Organization in providing comprehensive and integrated services to its member States and requests it to continue to accord priority to the needs of the least developed countries and countries in the African region;

"13. *Invites* the bodies and organizations of the United Nations system, in particular the United Nations Industrial Development Organization in the context of its new programme reorientation, to expand its activities in the promotion of cleaner and sustainable industrial development of developing countries;

"14. *Requests* the Secretary-General to submit to the General Assembly at its fifty-fifth session a report on the implementation of the present resolution."

10. At the 40th meeting, on 24 November, the Vice-Chairman of the Committee, Mr. Burak Özügergin (Turkey), introduced a draft resolution entitled "Industrial development cooperation" (A/C.2/53/L.41), submitted on the basis of informal consultations held on draft resolution A/C.2/53/L.6, and orally revised it by adding a fourth preambular paragraph, reading:

"*Taking note* of the report of the Director-General of the United Nations Industrial Development Organization".

11. At the same meeting, the representative of Côte d'Ivoire proposed an amendment to operative paragraph 7 of the draft resolution, by which the word "including" would be inserted before the words "market-based mechanisms".

12. At the same meeting, the Committee adopted draft resolution A/C.2/53/L.41, as orally revised and amended (see para. 14, draft resolution II).

13. In the light of the adoption of draft resolution A/C.2/53/L.41, draft resolution A/C.2/53/L.6 was withdrawn by its sponsors.

III. Recommendations of the Second Committee

14. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I

Action against corruption and bribery in international commercial transactions

The General Assembly,

Recalling its resolution 3514 (XXX) of 15 December 1975, in which it, *inter alia*, condemned all corrupt practices, including bribery, in international commercial transactions, reaffirmed the right of any State to adopt legislation and to investigate and take appropriate legal action, in accordance with its national laws and regulations, against such corrupt practices, and called upon all Governments to cooperate to prevent corrupt practices, including bribery,

Concerned about the seriousness of problems posed by corruption, which may endanger the stability and security of societies, undermine the values of democracy and morality and jeopardize social, economic and political development,

Disturbed by the bribery of public officials by individuals and enterprises of other States in relation to international commercial transactions,

Recalling the further work carried out by the General Assembly and the Economic and Social Council on elaborating the International Code of Conduct for Public Officials[3] and a code of conduct for transnational corporations,[4] consideration of which helped call attention to and raise international awareness of the adverse consequences of corruption and bribery in international commercial transactions,

Noting the Rules of Conduct to Combat Extortion and Bribery in International Business Transactions of the International Chamber of Commerce,

Recalling its resolution 51/191 of 16 December 1996, by which it adopted the United Nations Declaration against Corruption and Bribery in International Commercial Transactions, and its resolution 52/87 of 12 December 1997, by which it called for further measures to implement the Declaration,

1. *Welcomes* recent multilateral initiatives to combat corruption including, *inter alia*, the Inter-American Convention against Corruption,[5] the Organisation for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Dakar Declaration on the Prevention and Control of Organized Transnational Crime and Corruption, the Manila Declaration on the Prevention and Control of Organized Transnational Crime and Corruption, the convention on the fight

[3] Resolution 51/59, annex.

[4] E/1991/31/Add.1.

[5] See E/1996/99.

against corruption involving the officials of the European Communities or officials of member States of the European Union;

2. *Takes note* of the report of the Secretary-General entitled "Promotion and maintenance of the rule of law: action against corruption and bribery";[6]

3. *Commends* the work of the Commission on Crime Prevention and Criminal Justice and the Centre for International Crime Prevention in combating corruption and bribery in international commercial transactions, including the convening of an open-ended meeting of governmental experts;

4. *Calls upon* Member States to take all possible measures to further the implementation of the United Nations Declaration against Corruption and Bribery in International Commercial Transactions[7] and relevant international declarations and to ratify, where appropriate, existing instruments against corruption;

5. *Requests* the United Nations Conference on Trade and Development and other competent bodies of the United Nations system, within their respective mandates and agreed work programmes, to assist Member States, at their request, in implementing national programmes to strengthen accountability and transparency and in implementing relevant conventions, declarations and instruments to combat corruption and bribery in international commercial transactions and, in that context, welcomes the valuable work done by the United Nations Development Programme in the field of governance;

6. *Also requests* the Secretary-General, in close consultation with the United Nations Conference on Trade and Development, to report to the General Assembly at its fifty-fifth session on measures taken by Member States and competent international and regional organizations, non-governmental organizations and the private sector to implement the present resolution.

Draft resolution II

Industrial development cooperation

The General Assembly,

Recalling its resolutions 46/151 of 18 December 1991, 49/108 of 19 December 1994 and 51/170 of 16 December 1996 on industrial development cooperation,

Taking note of the Declaration adopted by the Ministers for Foreign Affairs of the Group of 77 and China at the twenty-second annual Meeting of Ministers for Foreign Affairs of the Group of 77, held in New York on 25 September 1998, on the relevance of industrialization for development and the importance of international cooperation to support the developing countries in this field,[8]

Recognizing the increasing role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector,

Taking note of the report of the Director-General of the United Nations Industrial Development Organization,[9]

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[6] A/53/384.

[7] Resolution 51/191, annex.

[8] A/53/466, annex.

[9] See A/53/254.

1. *Reaffirms* that industrialization is a key element in the promotion of the sustainable development of developing countries, as well as in the creation of productive employment, the eradication of poverty and facilitating social integration, including the integration of women into the development process;

2. *Stresses* the importance of domestic industrial transformation in developing countries to increase the value added of their export earnings, so that they may benefit fully from the process of globalization and trade liberalization;

3. *Emphasizes* the importance of industrial development cooperation and a positive investment and business climate at the international, regional, subregional and national levels in promoting the expansion, diversification and modernization of productive capacities in developing countries and countries with economies in transition;

4. *Also emphasizes* the importance of a favourable international and national environment for the industrialization of developing countries, and urges all Governments to adopt and implement development policies and strategies that promote, within a framework of transparent and accountable industrialization policies, *inter alia*, enterprise development, foreign direct investment, technological adaptation and innovation, expanded access to markets and the effective use of official development assistance to enable developing countries to enhance an environment attractive to investment so as to augment and supplement domestic resources for the expansion, diversification and modernization of their industrial productive capacity in the context of an open, equitable, non-discriminatory, transparent, multilateral and rule-based international trading system;

5. *Reiterates* the importance of technology transfer to the developing countries as an effective means of international cooperation in the field of industrial development;

6. *Recognizes* the continuing use of official development assistance also for industrial development in the developing countries, and calls upon donor countries and the recipient countries to continue to cooperate in their efforts to achieve greater efficiency and effectiveness of official development assistance resources devoted to industrial development cooperation;

7. *Emphasizes* the importance, for developing countries, of financing for industrial development, including market-based mechanisms and instruments as well as innovative funding modalities, such as co-financing schemes and trust funds, debt-equity swaps and, as appropriate, other debt relief measures and official development assistance specifically designed to strengthen the industrial capacities of developing countries through, *inter alia,* the facilitation of private capital flows and, in this regard, requests relevant entities of the United Nations system, including the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development, in the context of their strategic partnership, to support developing countries and countries with economies in transition in their efforts to mobilize resources for industrial development, especially by means of investment promotion activities, the development of small and medium-sized enterprises, the encouragement of practices to promote employment in industries and various forms of business partnerships, such as industrial joint venture schemes, enterprise-to-enterprise cooperation and venture capital funds for industrial development;

8. *Reiterates* the importance of cooperation and coordination within the United Nations system in providing effective support for the sustainable industrial development of developing countries, calls upon the United Nations Industrial Development Organization to continue carrying out its central coordinating role within the United Nations system in that respect, and welcomes the efforts of the United Nations Industrial Development Organization to strengthen its cooperation with the rest of the United Nations system at both

the headquarters and the field levels, by, *inter alia,* actively participating in the resident coordinator system, so as to enhance the effectiveness, relevance and development impact of such support;

9. *Calls upon* the international community and the relevant bodies and organizations of the United Nations system, in particular the United Nations Industrial Development Organization, to support the efforts of the developing countries to intensify and expand industrial cooperation among themselves with respect to, among other things, trade in manufactured products, industrial investments and business partnerships, and industrial technology and scientific exchanges;

10. *Requests* the United Nations Industrial Development Organization, in cooperation with the relevant organizations of the United Nations system, to continue undertaking in-depth assessment, analysis and dissemination of best practices in the area of industrial policies and strategies and of lessons learned in industrial development, taking into account the financial crisis and the impact of globalization on the industrial structure of the developing countries, so as to support and boost South-South cooperation by providing practical insights and ideas for international industrial development cooperation and for economic and technical cooperation among developing countries;

11. *Welcomes* the promising structural transformation and revitalization of the United Nations Industrial Development Organization as well as its new approach in providing comprehensive packages of integrated services to its member States and the strengthening of its field representation, and requests the United Nations Industrial Development Organization to continue to accord priority to the needs of the least developed countries and countries in the African region;

12. *Further welcomes* the focus of the United Nations Industrial Development Organization both on the strengthening of industrial capacities and on cleaner and sustainable industrial development in the context of its new programme reorientation, as well as its cooperation with the relevant bodies and organizations of the United Nations system, in particular the United Nations Environment Programme;

13. *Requests* the Secretary-General to submit to the General Assembly at its fifty-fifth session a report on the implementation of the present resolution.